



## STATE BOARD OF LAND COMMISSIONERS

Dirk Kempthorne, Governor and President of the Board

Ben Ysursa, Secretary of State

Lawrence G. Wasden, Attorney General

Keith L. Johnson, State Controller

Marilyn Howard, Superintendent of Public Instruction

Winston A Wiggins, Secretary to the Board

### Final Minutes Regular Land Board Meeting July 8, 2003 – 9:00 a.m.-12:00 p.m.

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, July 8, 2003 in Boise, Idaho. The meeting began at 9:14 a.m. The Honorable Ben Ysursa presided. The following members were present:

Honorable Attorney General Lawrence G. Wasden  
State Controller Keith L. Johnson  
Honorable Superintendent of Public Instruction Marilyn Howard

Secretary to the Board Winston A Wiggins

Governor Dirk Kempthorne was absent from this meeting.

#### • **CONSENT AGENDA**

**Director Wiggins provided background information on the Consent Agenda items.**

**A motion was made by Superintendent Howard to approve the Consent Agenda in its entirety. However, before a vote was taken, Superintendent Howard requested that additional verbiage be added to the recommendation on Agenda Item No. 6 to reflect any deviations from the lease agreement, or concerns that arise during the course of the lease, be brought to the attention of the Land Board. Additionally, Attorney General Wasden requested an assurance from the Department on Agenda Item No. 5, Three Rivers Timber contract extensions, that the deadline of December 31, 2003 would be added to the WAHA contract requirements. With the added stipulations for Agenda Items No. 5 and 6, Controller Johnson seconded the motion. The motion carried on a vote of 4-0, with Governor Kempthorne being absent for this vote.**

#### **1. Director's Report – approved**

- A. Interest Rate on Department Transactions – June 2003
- B. Bureau of Surface and Resource Management, Minerals Section, Official Transactions – May 2003
- C. Bureau of Real Estate, Land Sale Section, Official Transactions – May 2003
- D. Bureau of Real Estate, Easement Section, Official Transactions – May 2003

- E. Bureau of Surface and Resource Management, Range Management and Surface Leasing Section, Official Transactions – May 2003
- F. Timber Sale Official Transactions – May 28, 2003 through June 24, 2003
- G. Timber Sale Activity Report
- H. Current Legal Matter Summary
- I. **Late Addition to the Agenda** – 2003 Fire Season Update

**2003 Fire Season Update – DISCUSSION:** Attorney General Wasden inquired about the current fire outlook. Director Wiggins stated conditions in the north part of the state have remained normal over the last ten to twenty years. We experienced a dry winter and a wet spring. Fire season generally begins around July 4<sup>th</sup> and that seems to hold true for this year.

**2. Endowment Fund Investment Board's Manager's Report** – Staffed by Matthew Haerten, CFA, Manager of Investments, EFIB – **approved**

**DISCUSSION:** Secretary of State Ysursa acknowledged a positive performance was reported for the endowment fund.

**BOARD ACTION:** No action was taken on this agenda item.

**3. Timber Sales** – Staffed by Bob Helmer, Chief, Bureau of Forest Management – **approved**

A.	Outlet Flats	CR-1-0333	1,700	MBF
B.	Pole Jungle	CR-1-0335	190	MBF
			74,145	LF
C.	South Lost	CR-1-0337	4,800	MBF
D.	700 Sawlog	CR-3-0477	5,885	MBF
E.	Finn Sawlog	CR-3-0487	4,070	MBF
F.	Fish Pole	CR-3-0499	770	MBF
			273,525	LF

**DISCUSSION:** Attorney General Wasden asked if the clearcut on item C was accomplished in accordance with silvicultural standards. Director Wiggins stated yes. The Department does not clearcut unless other opportunities have been exhausted.

**BOARD ACTION:** Approved.

**4. Request for Approval to Participate as a Member of the:**

– Staffed by Ron Litz, Assistant Director, Forestry and Fire – **approved**

- A. Clearwater-Potlatch Timber Protective Association
- B. Southern Idaho Timber Protective Association

**DEPARTMENT RECOMMENDATION:** That the Board direct the Department to continue participation as a member of the Timber Protective Associations.

**BOARD ACTION:** Approved.

**5. Contract Extensions – Three Rivers Timber – Staffed by Ron Litz, Assistant Director, Forestry and Fire – refer to the Consent Agenda Motion**

A. TS-4-2925      Lower Wilson Pulp

*DEPARTMENT RECOMMENDATION:* That the Board direct the Department to grant the final extension, with the condition that all field work must be completed by December 31, 2003. If the field work is not completed by that date, the contract will be terminated without further action on the part of the State Board of Land Commissioners.

*DISCUSSION:* See item B below.

*BOARD ACTION:* Approved.

B. SS-4-0341      WAHA

*DEPARTMENT RECOMMENDATION:* That the Board direct the Department to grant the final extension. If the contract is not completed by the extension date, the contract will be terminated without further action on the part of the State Board of Land Commissioners.

*DISCUSSION:* Dr. Howard commented that Three Rivers Timber has been before the Board in the past, and it appears this is their final extension. If these stipulations are not met, the contract will be terminated. Director Wiggins stated that is correct. The reason these two extensions are before the Board is that they exceed the Director's authority for the number of extensions. Not only are these particular sales being extended, but others for Three Rivers Timber are being extended. The extensions are all being done under specific harvest requirements. Some of those are such that partial harvest would be fine. Others are expected to be completed in the specified timeframe or they will be terminated. In addition, if the schedule is not met in its entirety by December 31, 2003, the Department will remove the company from any authority to bid on state sales.

Dr. Howard asked for clarification. Two contracts are indicated in this Board item, but other contracts would be included in the blanket authority to terminate. Director Wiggins stated that is correct. There are six other extensions, and four of those extensions carry hard termination dates. This is essentially a program to move this company out of a backlog of sales. They are the only company in this condition. They are aware of, and have acknowledged in writing, the conditions before them.

Attorney General Wasden asked for clarification of the recommended extension dates for items A and B. He noted that the Lower Wilson Pulp timber sale extension includes the date of December 31<sup>st</sup>, 2003 as the final termination date. However, the recommendation for the timber sale contract in item B does not include a specific date. Director Wiggins responded the date is specific for Lower Wilson Pulp because the date is different than the normal extension date. Typically contracts run in single year periods from the date of sale. When an extension is granted, it is typically granted for one year from that date. Therefore, the extension date is typically the same calendar day as the sale date. In the case of Lower Wilson Pulp, one of the requirements of the schedule is that the entire sale will be harvested, and all requirements completed, by December 31<sup>st</sup>, 2003 rather than by July 15<sup>th</sup>, 2004.

Attorney General Wasden asked if it would be appropriate to put the December 31<sup>st</sup> date into the extension for item B so that it is very clear to the company this is the ultimate deadline. If they

have not completed the extension requirements by that date, the timber sale contract will be terminated. Director Wiggins stated that language will be in all of the extensions. This schedule, with a list of sales and expected termination dates, has already been documented in a letter to Three Rivers Timber.

Controller Johnson commented Three Rivers Timber cited market conditions as the reason for their extension requests. Is there any expectation that market conditions will improve or change in a way that will make it profitable for this company to complete their contracts. Or is it a foregone conclusion that Three Rivers is not going to be able to honor their commitment. Director Wiggins stated his expectation is that market conditions will not improve. The timber market is in a drop period that will extend for some period of time. Beyond that, Director Wiggins believes Three Rivers Timber will attempt to meet their sales. The question becomes can the company mix this high priced timber with less expensive timber in their inventory to help ameliorate the loss.

Attorney General Wasden reiterated his request that the deadline of December 31<sup>st</sup>, 2003 be added to the timber sale extension requirements for agenda item 5-b, WAHA.

**BOARD ACTION:** Refer to the Consent Agenda motion in its entirety.

**6. Request Conceptual Approval to Grant a Road/Utility Easement to Dennis Dillon across Endowment Land in Boise County – Staffed by Perry A. Whittaker, Chief, Bureau of Real Estate – approved**

**DEPARTMENT RECOMMENDATION:** That the Board direct the Department to authorize the survey and negotiate the final right-of-way interest to be acquired by Mr. Dillon.

**BOARD ACTION:** Approved.

**7. Application for Renewal of Mineral Lease No. 3822 located on the Kootenai River (B & F Redi Mix, Inc.) – Staffed by Scott Nichols, Chief, Bureau of Surface and Mineral Resources – refer to the Consent Agenda Motion**

**DEPARTMENT RECOMMENDATION:** That the Board direct the Department to issue a lease renewal with stipulations as noted.

**DISCUSSION:** Dr. Howard noted concerns raised by the Department of Environmental Quality and the Department of Fish and Game regarding this practice in general and this operation specifically. Those concerns related to management and advisability of some of the practices. Dr. Howard also expressed general concern about monitoring efforts. Sometimes when leases are granted there is a feeling the lease is in place for a designated period of time and nothing will happen in the meantime. She would feel more comfortable if the Department showed an expectation of regularly proving all of the elements are in place. Some of those elements should be in place immediately, such as the management of chemicals and equipment. She wants to make sure the company is aware they will be continually responsible under the lease. Director Wiggins assured Dr. Howard the lease will be regularly monitored. The Department's expectation is there will be full compliance with the terms of the lease. If the company does not comply, appropriate steps will be taken to ensure immediate corrective action or cancellation of the lease. This operation is very close to one of the Department's offices, and that office has recently been assigned the duties of inspecting mineral leases. The expectation of staff is whatever monitoring is necessary will, in fact, take place.

Attorney General Wasden echoed Dr. Howard's observations and concerns. He asked for assurance that the Department and the company will comply with the requirements set forth by the Department of Environmental Quality and the Department of Fish and Game to protect the river, which is the source of the gravel. Dr. Howard stated she would go with the Department's recommendation but would like to add any deviations from the lease agreement, or concerns that arise during the course of the lease, be brought to the attention of the Land Board.

*BOARD ACTION:* Refer to the Consent Agenda motion in its entirety.

**8. Withdrawal of Lots for Mineral Entry and Exploration – Elk Valley Subdivision – Staffed by Jay Biladeau, Assistant Director, Lands, Minerals, Range – approved**

*DEPARTMENT RECOMMENDATION:* That the Board direct the Department to withdraw the State endowment tract from mineral entry and exploration.

*BOARD ACTION:* Approved.

**9. Minutes – approved**

A. Regular Land Board Meeting – June 6, 2003

**• REGULAR AGENDA**

None

**• INFORMATION AGENDA**

**Director Wiggins briefed the Board on the Information Agenda items. No Land Board action is required on the Information Agenda.**

**10. Land Exchange Status Report – Staffed by Perry Whittaker, Chief, Bureau of Real Estate**

**11. Priest Lake Cottage Site Indexing – Staffed by Scott Nichols, Chief, Bureau of Surface and Mineral Resources**

**12. Conflict Lease Applications on Expiring Grazing/Cropland Leases – Staffed by Tracy Behrens, Program Manager, Range/Cropland and Scott Nichols, Chief, Bureau of Surface and Mineral Resources**

**• EXECUTIVE SESSION**

**A. To Consider Records that are Exempt from Disclosure [\[Idaho Code § 67-2345\(1\)\(d\)\]](#)**

**B. To Consider and Advise Its Legal Representatives in Pending Litigation or Where There is a General Public Awareness of Probable Litigation [\[Idaho Code § 67-2345\(1\)\(f\)\]](#)**

**C. To Consider Personnel Matters [\[Idaho Code § 67-2345\(1\)\(b\)\]](#)**

At 9:37 a.m. a motion was made by Controller Johnson to adjourn. Attorney General Wasden seconded the motion. The motion carried on a vote of 4-0, with Governor Kempthorne being absent for this vote.

There being no further business to come before the Board, the meeting adjourned at 9:37 a.m.

IDAHO STATE BOARD OF LAND COMMISSIONERS

/s/ Dirk Kempthorne

President, State Board of Land Commissioners and  
Governor of the State of Idaho

/s/ Ben Ysursa

Ben Ysursa  
Secretary of State

/s/ Winston A Wiggins

Winston A Wiggins  
Director

<p>The above-listed final minutes were approved by the State Board of Land Commissioners at the August 12, 2003 regular Land Board meeting.</p>
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